CENTER FOR HEALTH POLICY | RESEARCH AND ETHICS

GEORGE MASON UNIVERSITY

Health Policy and Politics 2019: Cost is Clear Target, Weapons Are Imprecise

Len M. Nichols, Director and Professor of Health Policy

The Leadership Institute

Washington, DC

May 17, 2019

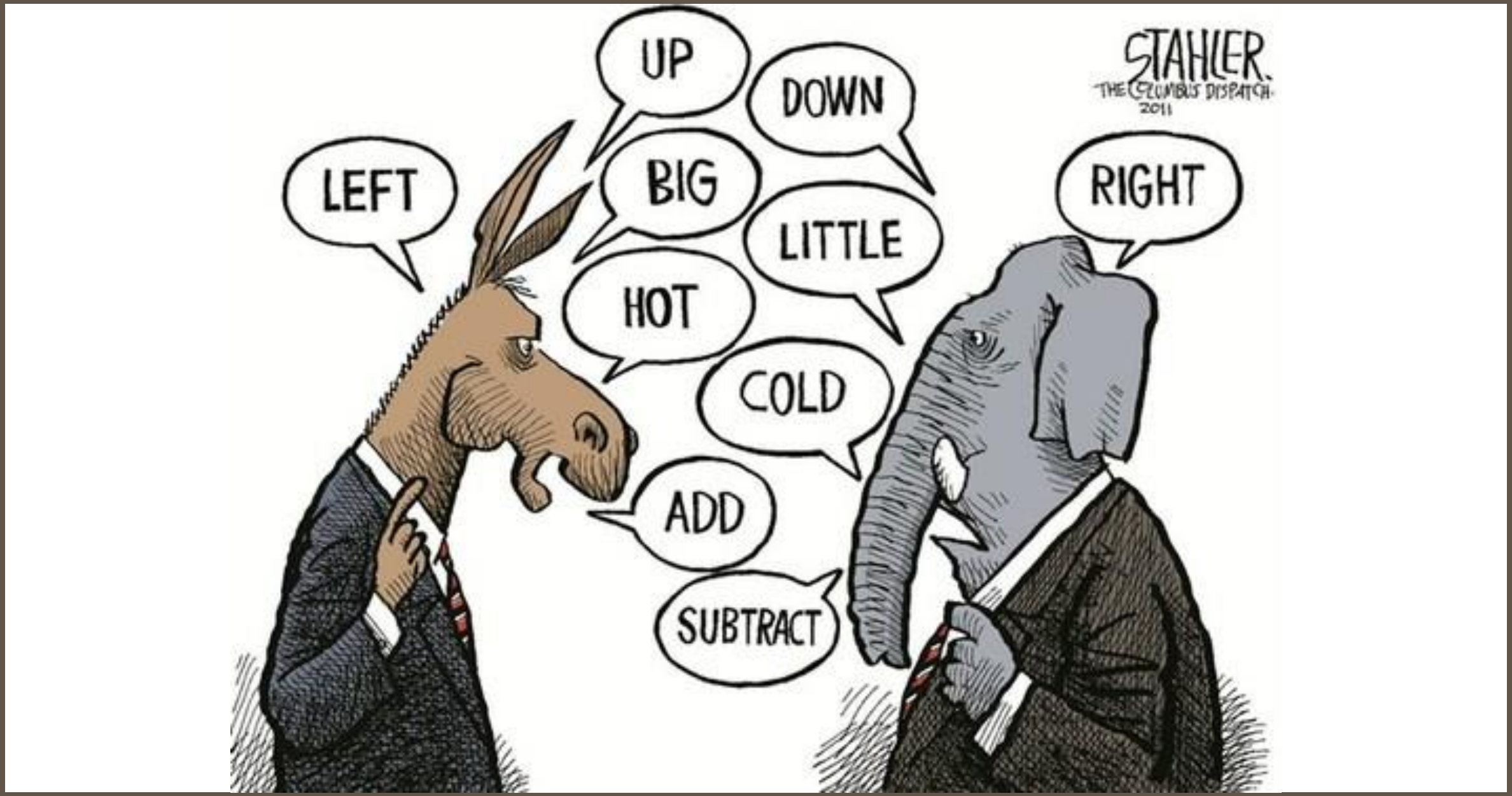
Overview

- Environment for Federal Policy Making
- Major Policy Issues
- Some Common Themes and Paths Forward

CNN
ELECTION
NIGHT
IN AMERICA

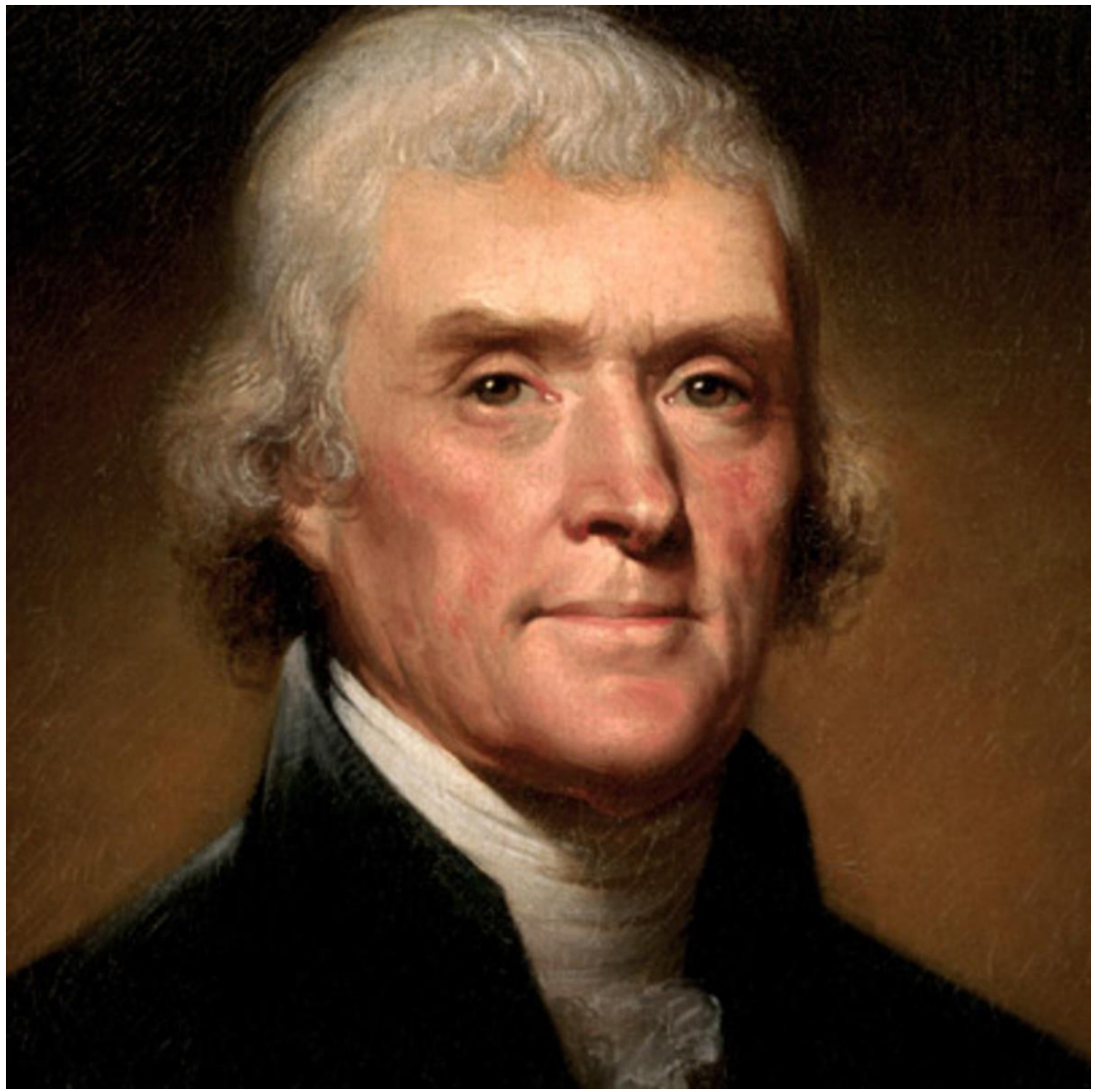
CHIP SOMODEVILLA AND CHRIS J RATCLIFFE/GETTY IMAGES

LOST
CONFUSED
UNSURE
UNCLEAR
PERPLEXED
DISORIENTED
BEWILDERED

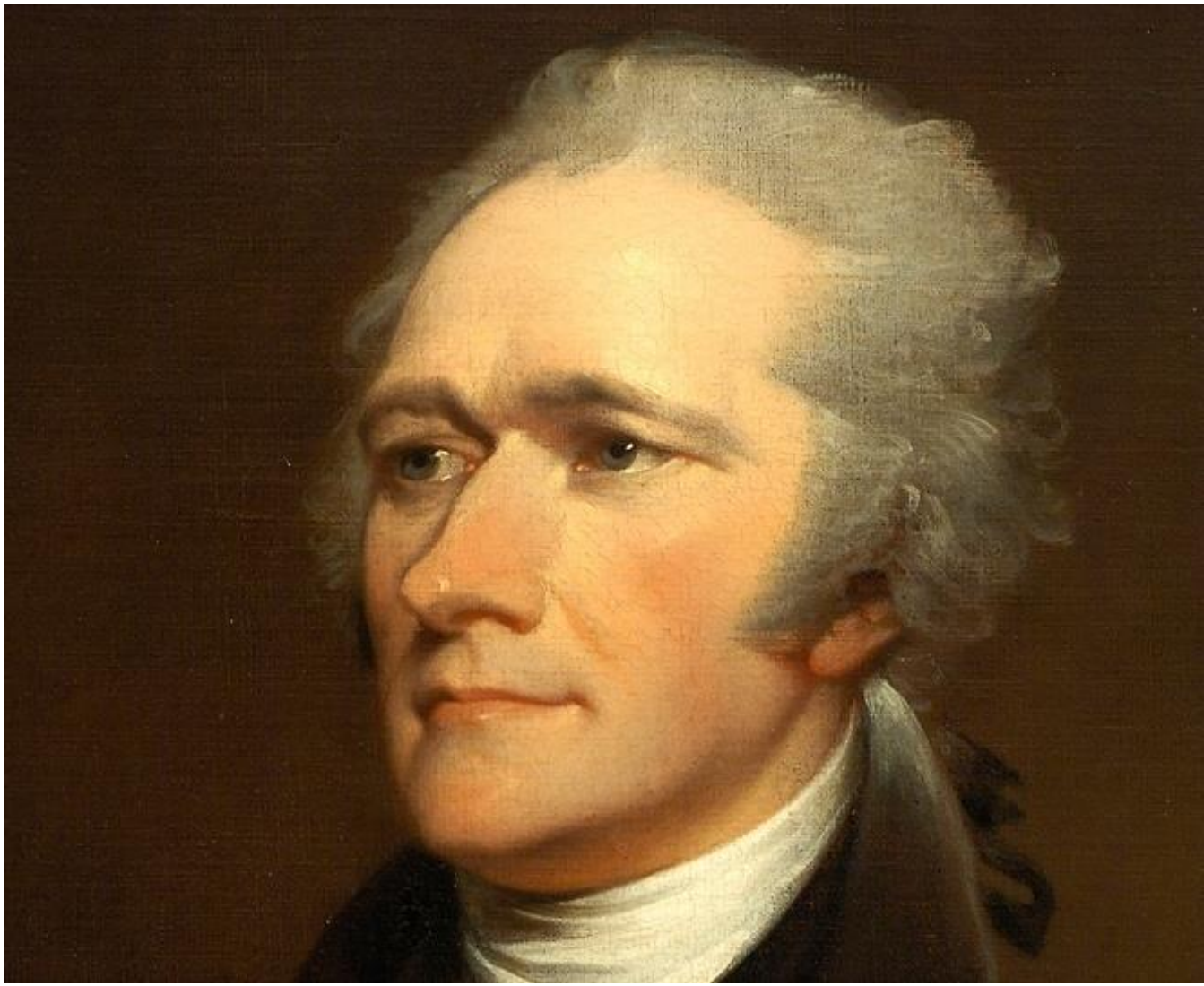

UP
DOWN
BIG
LITTLE
HOT
COLD
ADD
SUBTRACT
LEFT
RIGHT
STAHLER
THE COLUMBUS DISPATCH
2011

KAL
THE ECONOMIST
London
ENGLAND

CartoonArts International: www.nytsyn.com/cartoons



V.



TAX RETURN FORM PRESENT YEAR

Label (See instructions on page 16)

This is a real form.

L A B E L

First name: Donald
Last name: TRUMP
Spouse name: ~~Mr.~~ Melania
Last name: TRUMP
Home address: [illegible]se

RICH
Marital status

RICH
Social security number

SAUCE
Favorite food

Is this a real form
☑ yes ☐ no

u pay in taxes usually
a very lot, ton

Total number of dependents 4-10

ionship to you
DULT SON
DULT SON
SICK CHILD I TOOK IN
Y BEST FRIEND
CQUAINTANCE
HER BEST FRIEND

No. of dependents who:
Work for you 6?
Do not live with you All
Are over 30 All

1 600 Billion

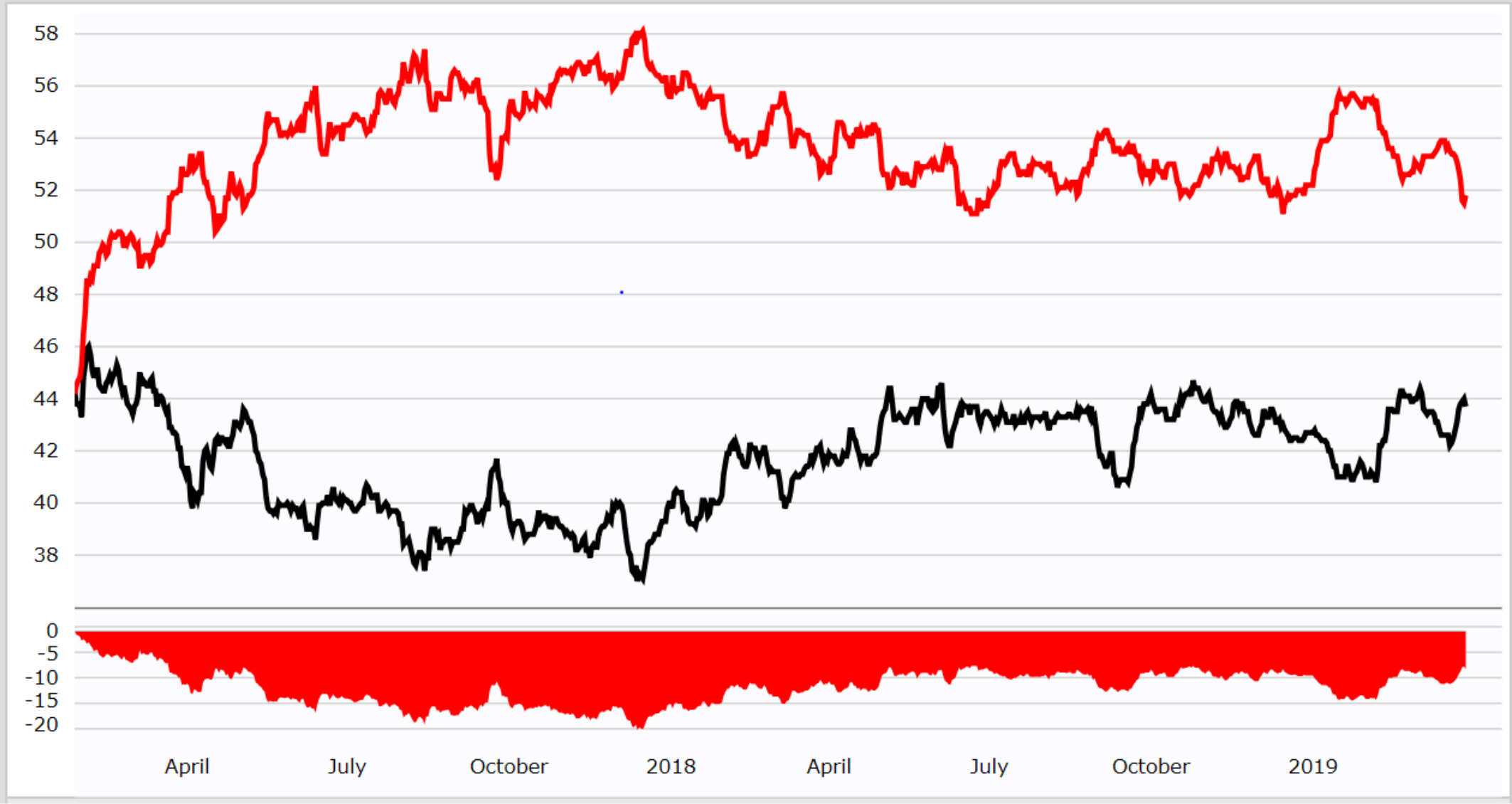
HE FOUND THAT HIS ARMS AND LEGS WERE TIGHTLY FASTENED TO THE GROUND.

REAL CLEAR POLITICS

RCP POLL AVERAGE

President Trump Job Approval

43.7	Approve
51.8	Disapprove +8.1



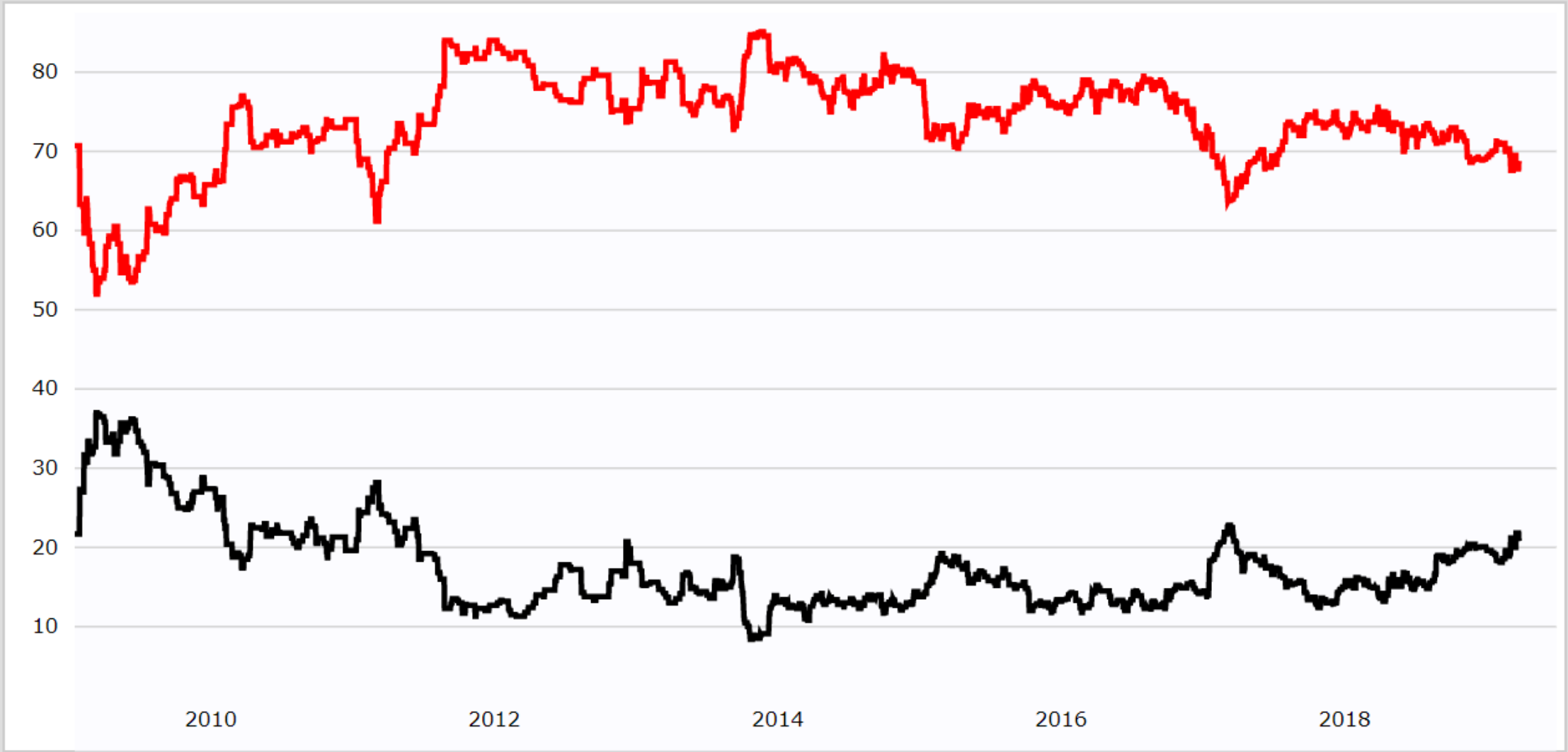
REAL CLEAR POLITICS

RCP POLL AVERAGE

Congressional Job Approval

20.8 Approve 68.8 Disapprove

+40



From: to: Apply 30D 3M 6M 1Y 2Y MAX Reset

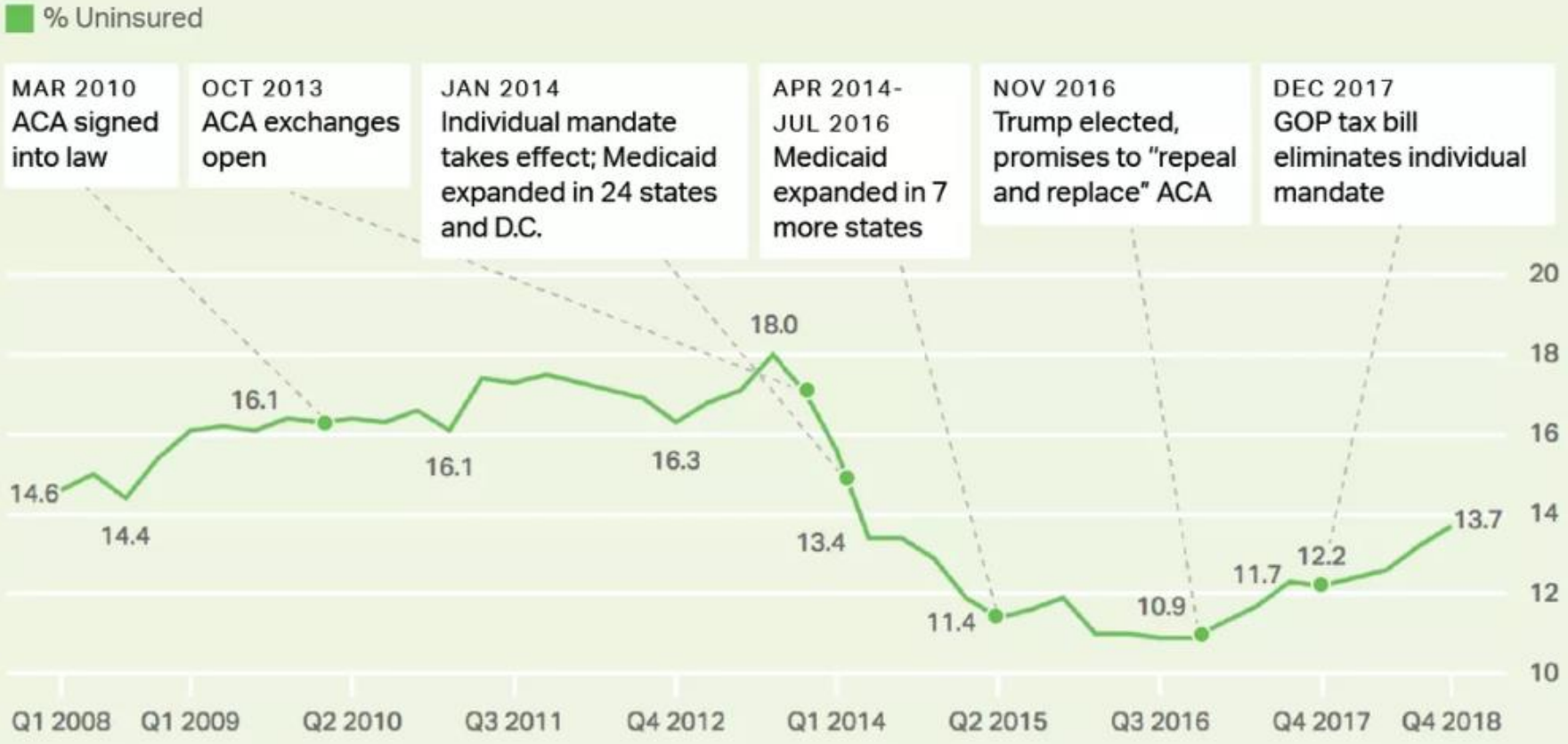
REALCLEARPOLITICS

SPEND LESS ON EVERYTHING
(but Defense and the WALL)
to pay for tax cuts
SPEND LESS on Health
+ raise taxes to pay
for coverage expansion

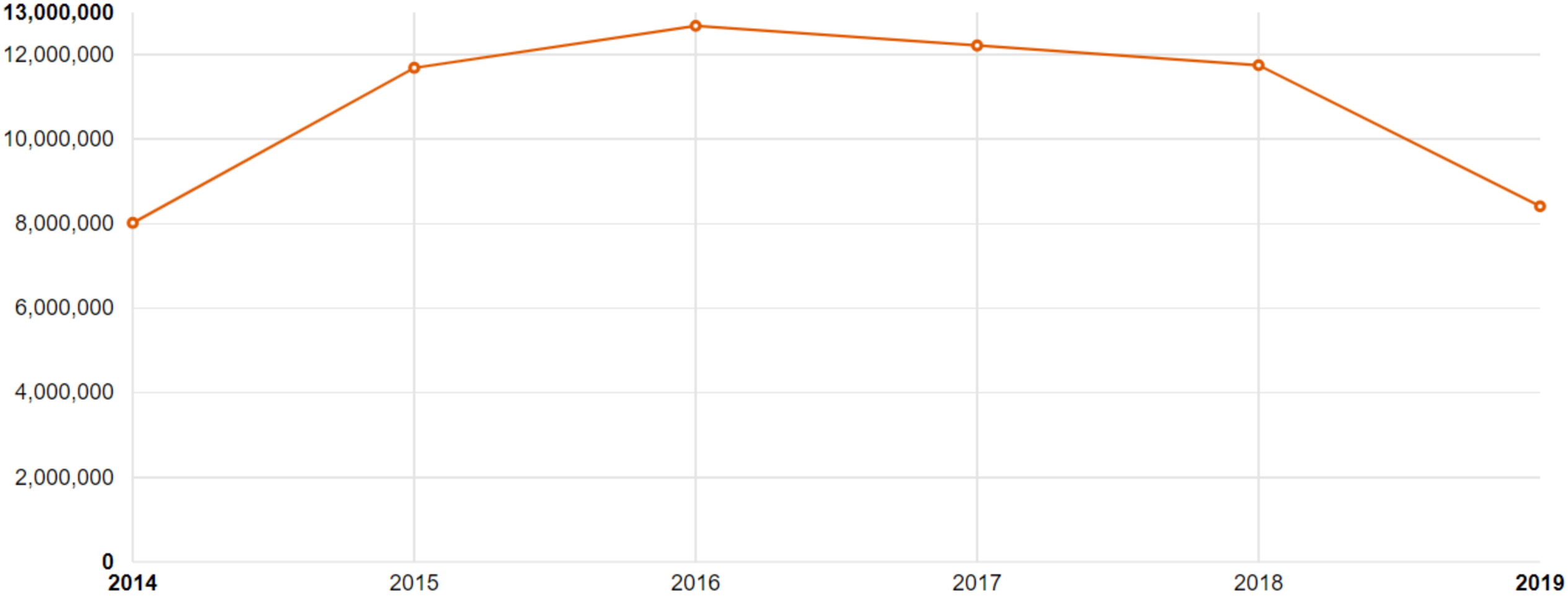
Major Health Policy Issues for next few years

- ACA
- Medicaid Expansions and Waivers
- Payment Reform 3.0
- Social Determinants of Health (Healthy Opportunities)
- Drug Pricing
- Medicare for All

Percentage of U.S. Adults Without Health Insurance, 2008-2018



GALLUP NATIONAL HEALTH AND WELL-BEING INDEX



Number of Individuals Who Selected a Marketplace Plan

United States

Kaiser Family Foundation

Not Everyone was

“helped” by the ACA

ACA Marketplace Premiums

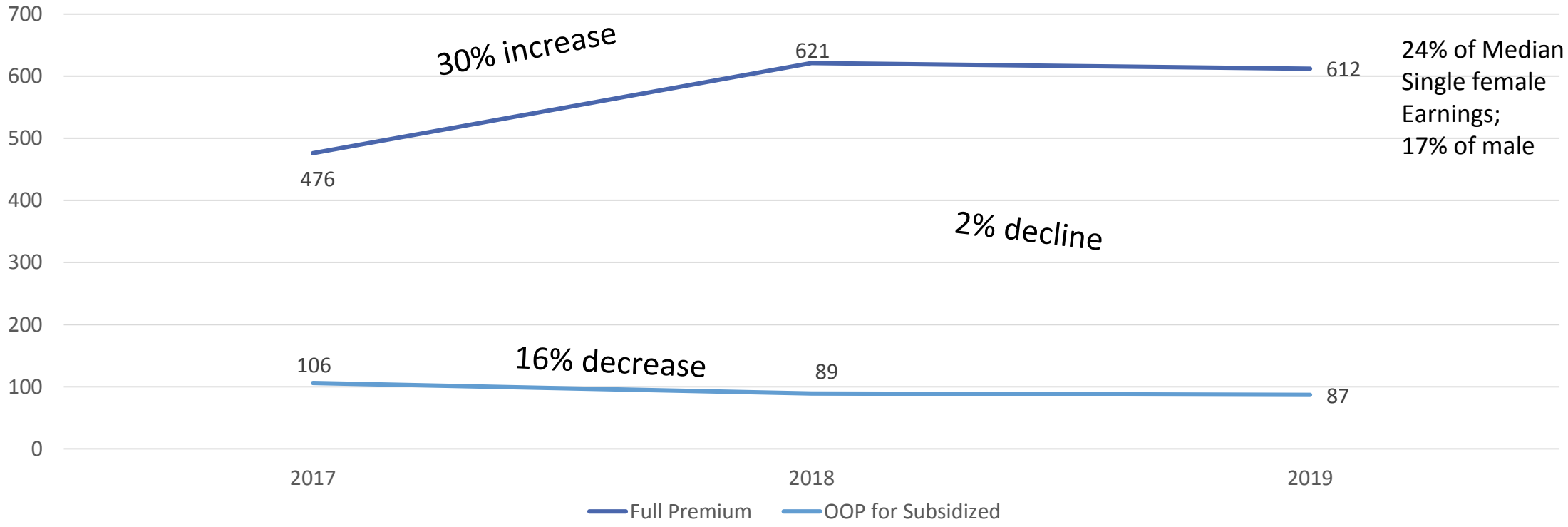
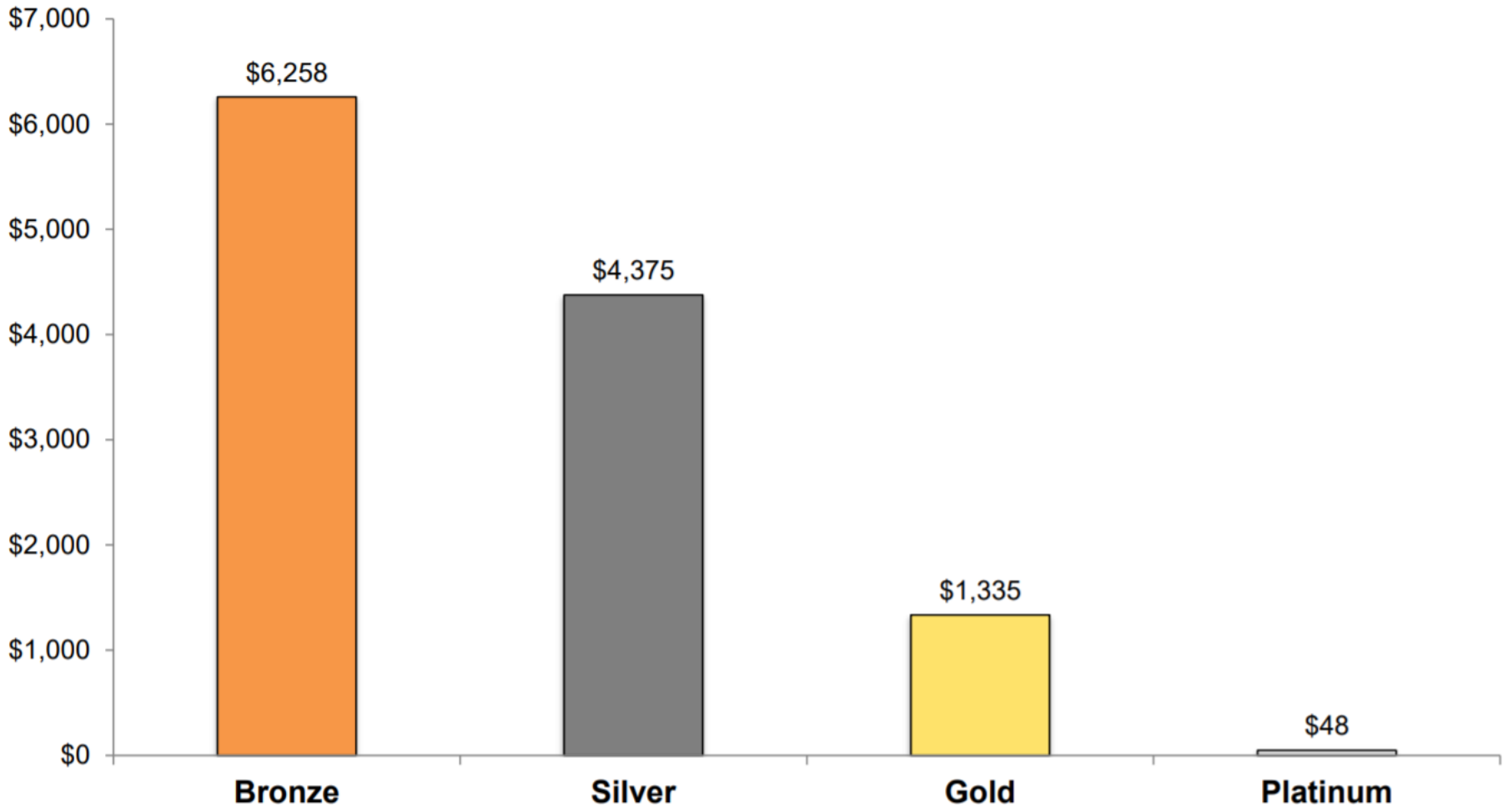


Figure 2

Average Medical Deductible, in Plans with Combined Medical and Prescription Drug Deductibles (2019)



SOURCE: Kaiser Family Foundation analysis of Marketplace plans in the 39 states with Federally Facilitated or Partnership exchanges in 2019 (including Arkansas, New Mexico, Oregon, Kentucky and Nevada). Data are from Healthcare.gov. Health plan information for individuals and families available here: https://www.healthcare.gov/health-plan-information-2019/

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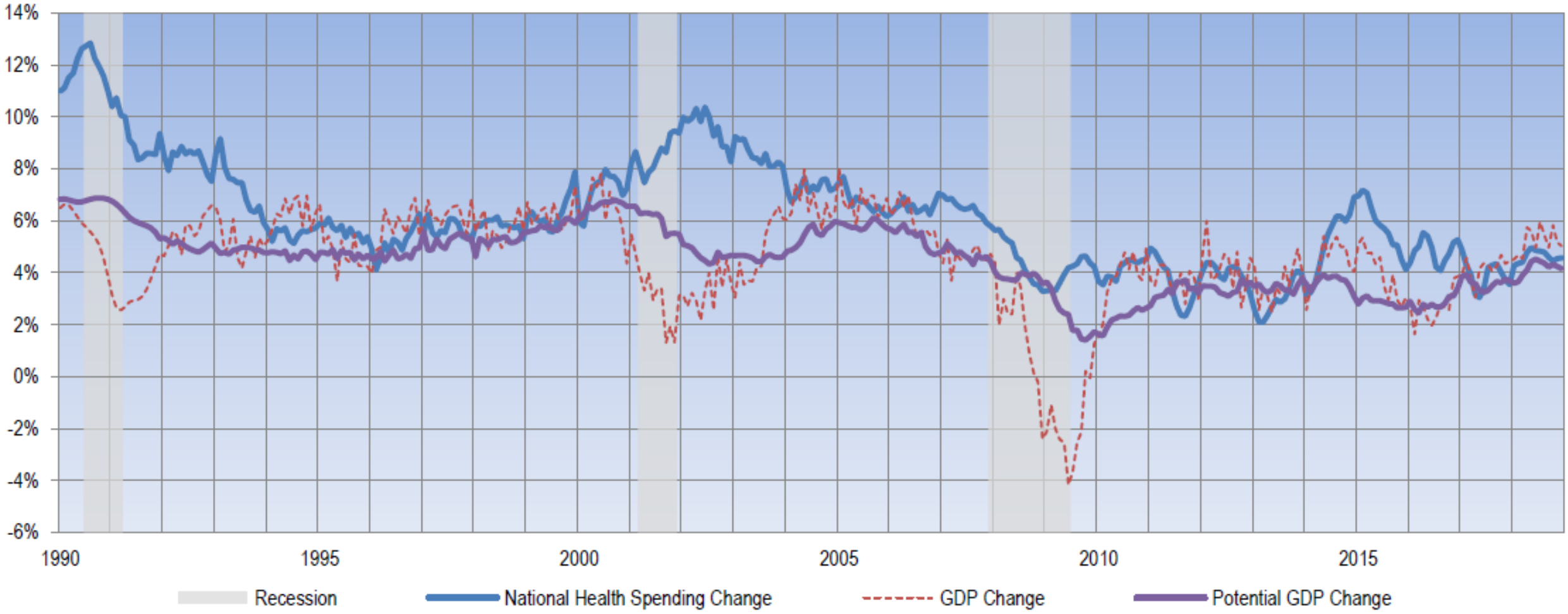
TIME SERIES TRACKER

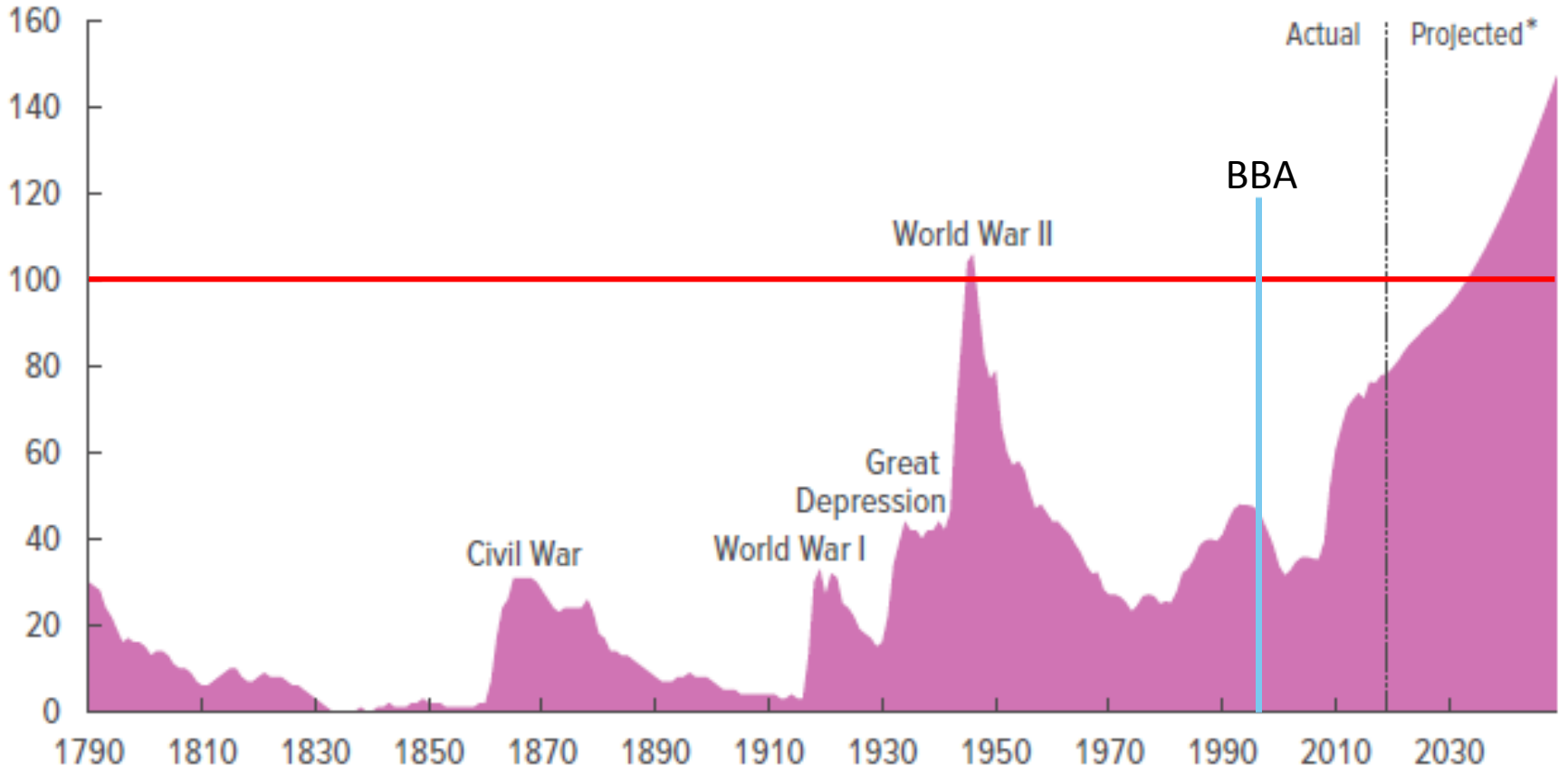
Exhibit 7. Year-over-Year Percentage Change in Spending and GDP



Source: Altarum monthly national health spending estimates. Monthly GDP is from Macroeconomic Advisers and Altarum estimates.
Note: Lightly shaded bars denote recession periods.

Federal Debt Held by the Public

Percentage of Gross Domestic Product



High and rising federal debt would reduce national saving and income, boost the government's interest payments, limit lawmakers' ability to respond to unforeseen events, and increase the likelihood of a fiscal crisis.

Source: Congressional Budget Office.

Tax-to-GDP ratio compared to the OECD

The United States ranked 31st out of 35 OECD countries in terms of the tax-to-GDP ratio in 2015.* In 2015, the United States had a tax-to-GDP ratio of 26.4% compared with the OECD average of 34.3%. In 2014, the United States was ranked 32nd out of the 35 OECD countries in terms of the tax-to-GDP ratio.

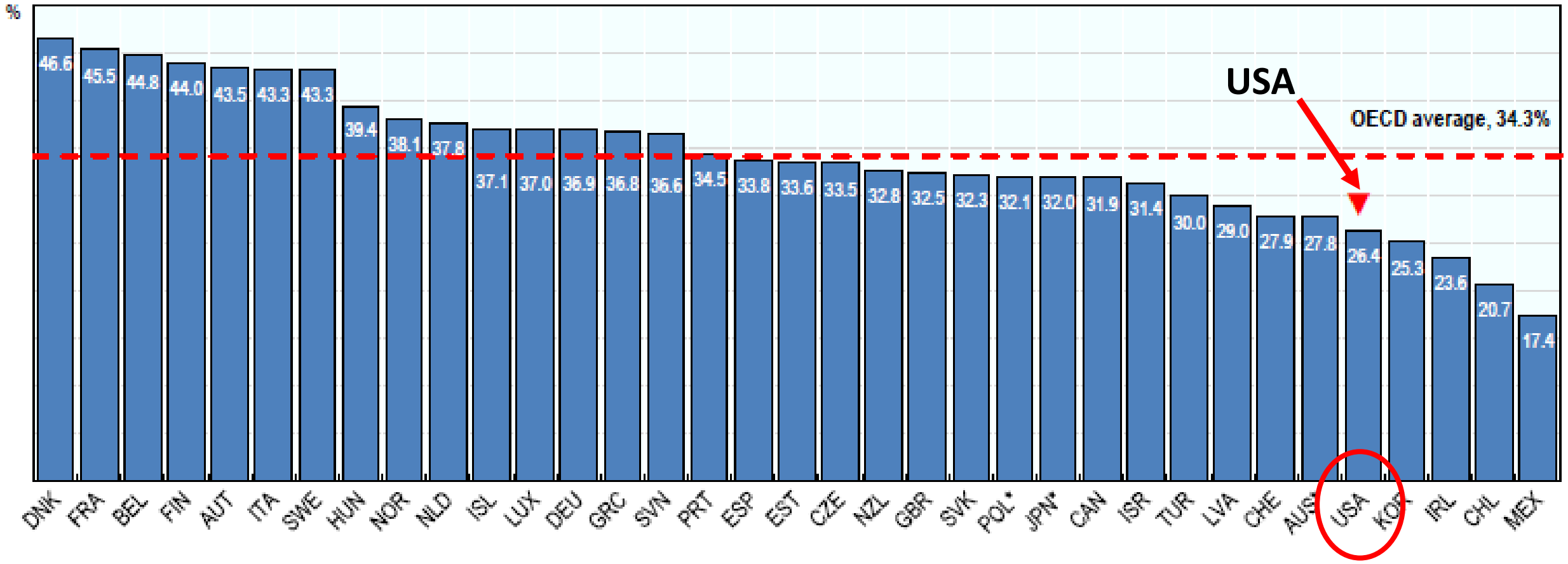
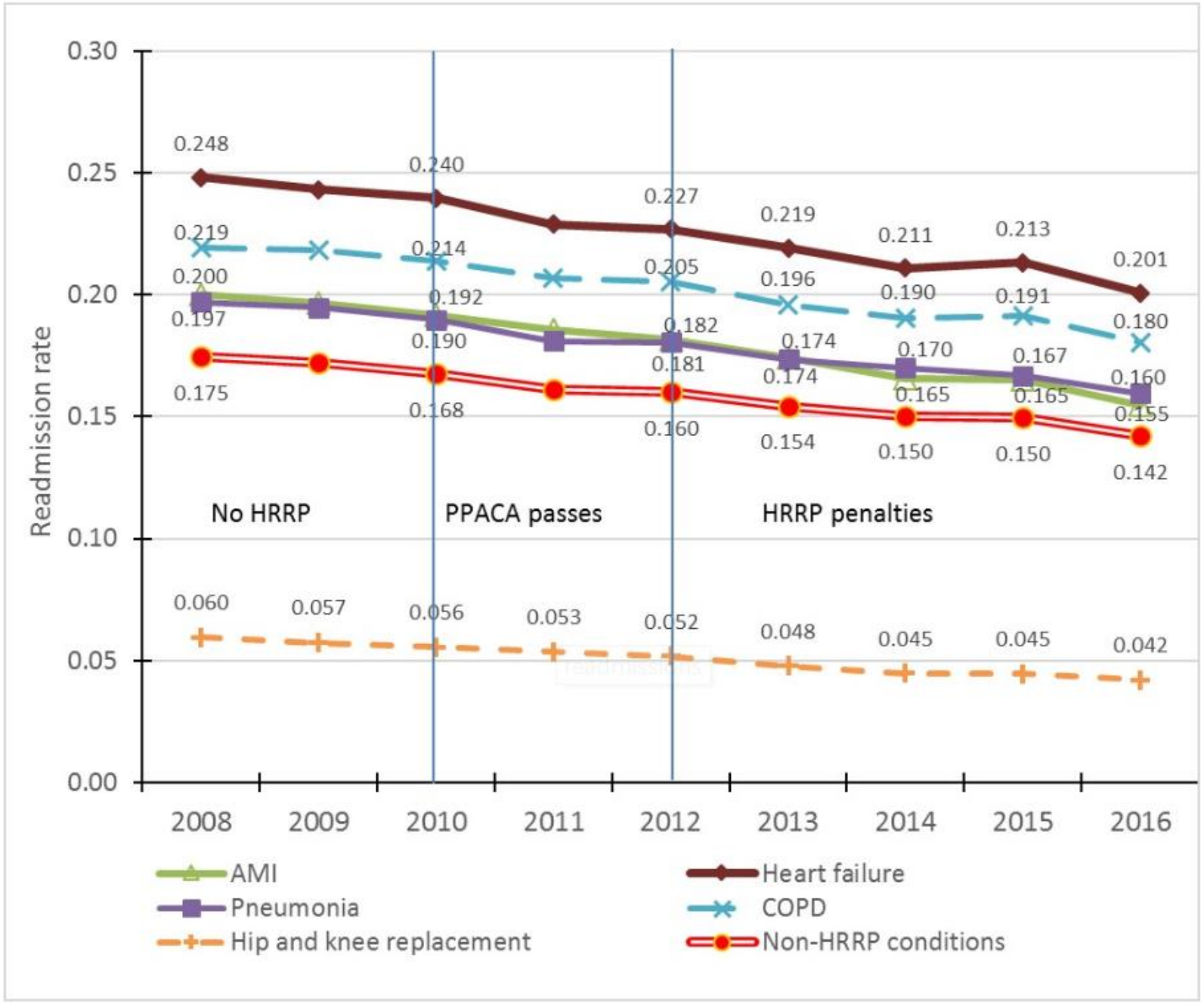
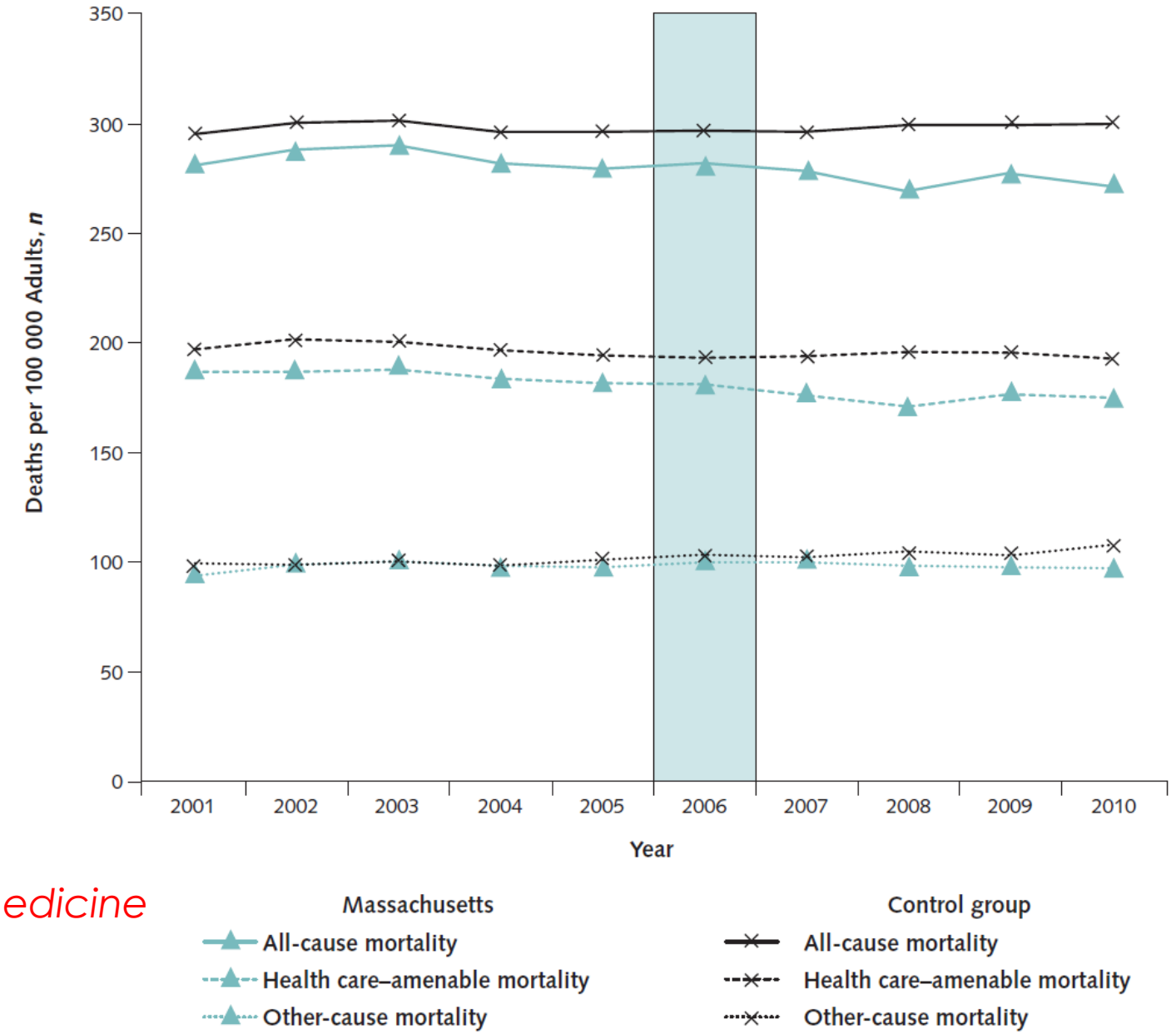


Figure 1: Risk-adjusted changes in unplanned readmission rates by condition



Source: MEDPAC, Blog, 6/15/2018

Figure. **Unadjusted mortality rates for adults aged 20 to 64 years in Massachusetts versus control group (2001–2010).**



Sommers et al
Annals of Internal Medicine
160(9)

Table 3. Mortality Before and After Massachusetts Health Care Reform Among Adults Aged 20 to 64 Years (2001–2010)*

Outcome	Unadjusted Mortality per 100 000 Adults		Unadjusted Relative Change		Adjusted Relative Change	
	Prereform	Postreform	Difference (95% CI), %	*P* Value	Difference (95% CI), %	*P* Value
All-cause mortality						
Massachusetts	283	274	−4.2 (−8.0 to −0.4)	0.032	−2.9 (−4.8 to −1.0)	0.003
Control group	297	299				
Health care–amenable mortality						
Massachusetts	185	175	−4.3 (−7.2 to −1.5)	0.003	−4.5 (−6.2 to −2.7)	<0.001
Control group	197	195				

* Relative changes estimated by using negative binomial generalized linear models with log link. Adjusted model controlled for age, sex, race/ethnicity, poverty rate, median income, unemployment rate, and state of residence.

Health Insurance Coverage and Health — What the Recent Evidence Tells Us

Benjamin D. Sommers, M.D., Ph.D., Atul A. Gawande, M.D., M.P.H., and Katherine Baicker, Ph.D.

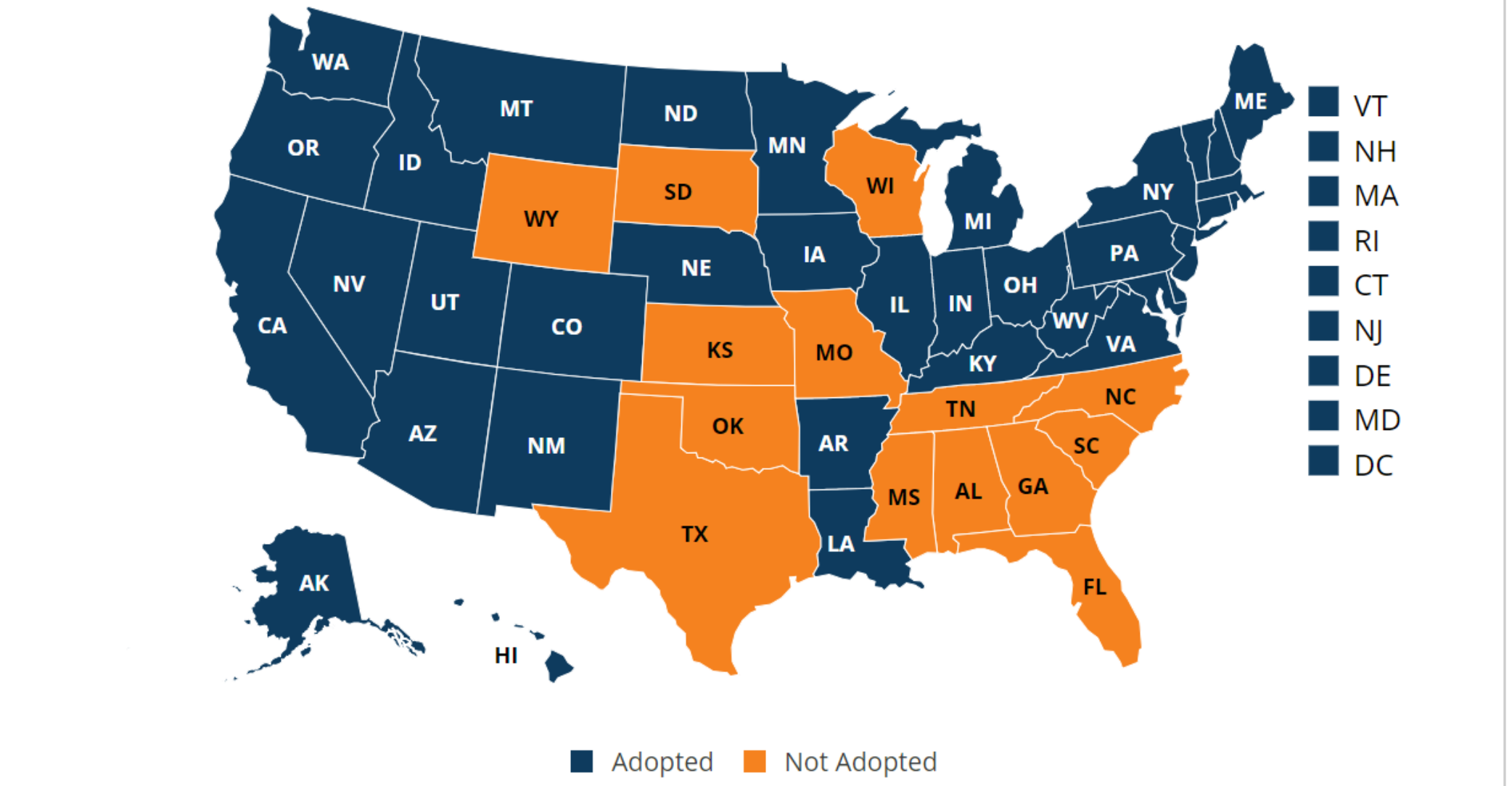
N ENGL J MED 377;6 NEJM.ORG AUGUST 10, 2017

There remain many unanswered questions about U.S. health insurance policy, including how to best structure coverage to maximize health and value and how much public spending we want to devote to subsidizing coverage for people who cannot afford it. But whether enrollees benefit from that coverage is not one of the unanswered questions. Insurance coverage increases access to care and improves a wide range of health outcomes. Arguing that health insurance coverage doesn't improve health is simply inconsistent with the evidence.

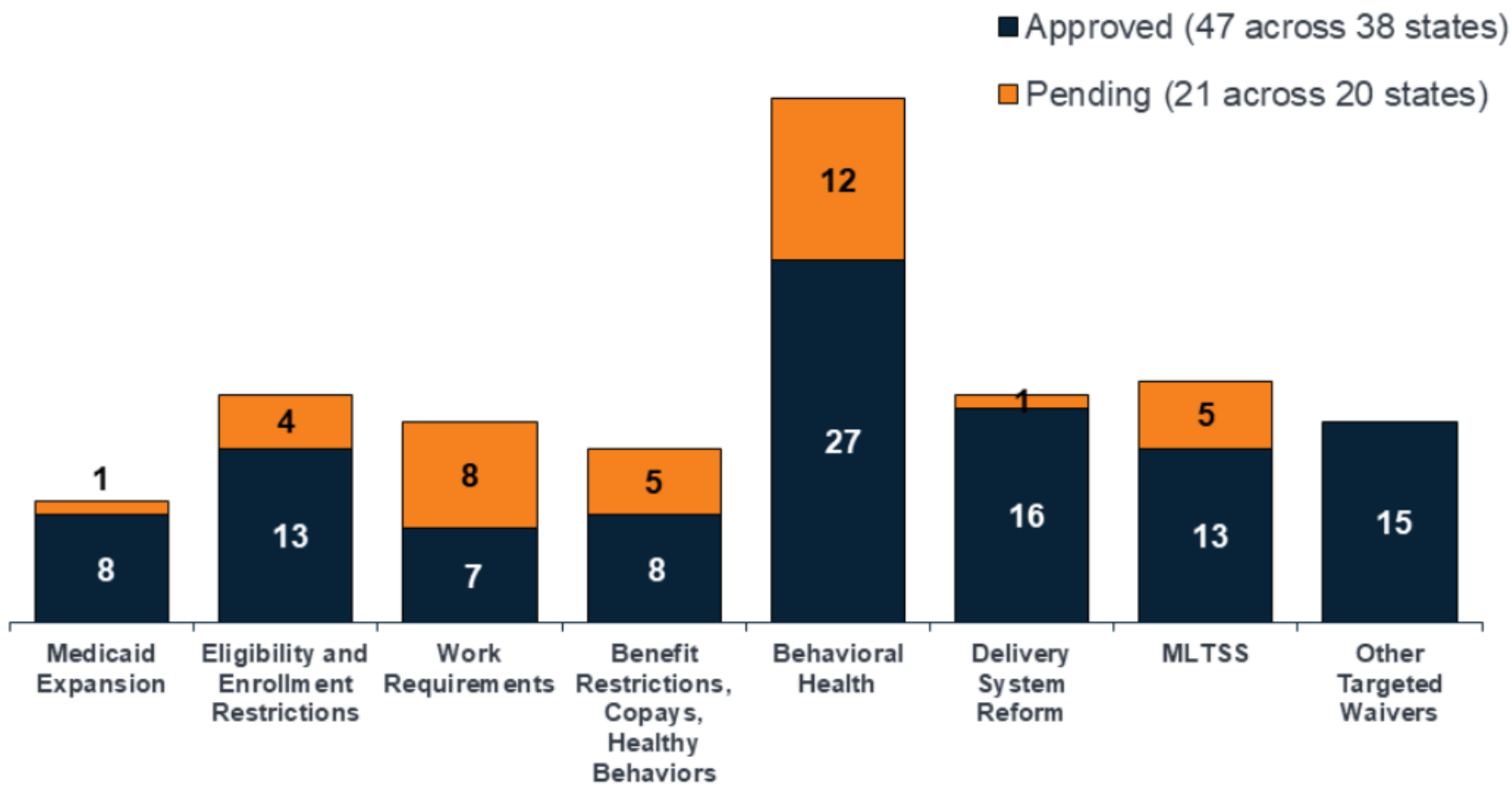
ACA Options

- Have SCOTUS declare law unconstitutional
  - DOJ now sides with Republican AG suit v. entire ACA
- Slow death of coverage expansion via “sabotage”
  - Destroy risk pooling over time via regulation
- “Fix” = make subsidies more generous to lower premiums and OOP costs

Status of State Action on the Medicaid Expansion Decision



Landscape of Approved vs. Pending Section 1115 Medicaid Demonstration Waivers, January 3, 2019



NOTES: Some states have multiple approved and/or multiple pending waivers, and many waivers are comprehensive and may fall into a few different areas. Therefore, the total number of pending or approved waivers across states cannot be calculated by summing counts of waivers in each category. Pending waiver applications are not included here until they are officially accepted by CMS and posted on Medicaid.gov. For more detailed information on each Section 1115 waiver, download the detailed approved and pending waiver tables posted on the tracker page. "MLTSS" = Managed long-term services and supports.

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Landscape of Approved vs. Pending Section 1115 Medicaid Demonstration Waivers, January 3, 2019

Individual payment models' performance mixed → disappointing, glass < ½ full?

- ACOs
  - MSSP → *Saving Medicare 1-2%, MD led are best*
  - Pioneer → *Most left the program (8 at end)*
  - Next Generation? *n=31, Saved about 1% in 2016*
- Primary Care
  - CPCI → CPC+* *No net savings, very little Q move*
- Bundled Payments (Models 2* {acute and post-acute} and 4** {prospective acute}) → *Only savings were in post-acute*

Payment Reform 3.0?

Health Affairs Blog, August 14, 2017

What Should We Conclude From ‘Mixed’ Results In Payment Reform Evaluations?

Len Nichols, Alison E. Cuellar, Lorens Helmchen, Gilbert Gimm, and Jay Want

Lessons Learned → Payment Reform 3.0

- ID *which* patients on which to focus care coordination/integration
- MACRA intensifies incentives for MDs to bear risk
- Hospitals/systems/MD groups see bearing risk (and consolidation) as way to get leverage v. health plans
- BUT, many plans reluctant to share data and risk with providers
- Information systems not ready for prime time
- PTAC is *trying* to get ideas from the field into practice (Primary Care 1st?)
- ***Focus on price levels, PROMs, and identifying target patients is coming; win-win reductions in "unnecessary" utilization not enough***
- ***Maybe Look "UPSTREAM" to "Healthy Opportunities" ???***

Figure 1

Social Determinants of Health (Healthy Opportunities)

Economic Stability	Neighborhood and Physical Environment	Education	Food	Community and Social Context	Health Care System
Employment	Housing	Literacy	Hunger	Social integration	Health coverage
Income	Transportation	Language	Access to healthy options	Support systems	Provider availability
Expenses	Safety	Early childhood education		Community engagement	Provider linguistic and cultural competency
Debt	Parks	Vocational training		Discrimination	Quality of care
Medical bills	Playgrounds	Higher education		Stress	
Support	Walkability				
	Zip code / geography				

Health Outcomes

Mortality, Morbidity, Life Expectancy, Health Care Expenditures, Health Status, Functional Limitations

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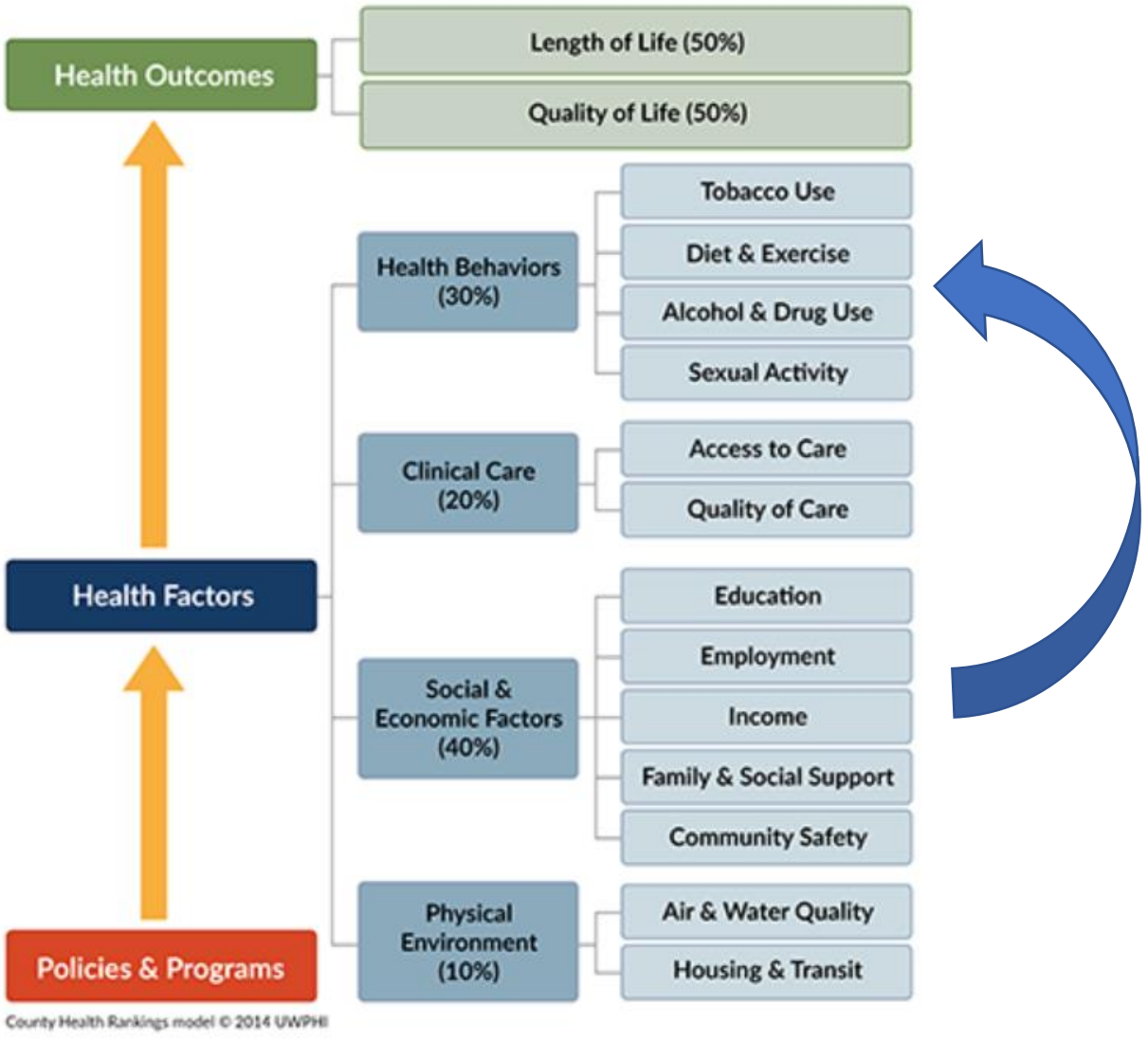
Source: County Health Rankings http://www.countyhealthrankings.org/what-is-health



Behavior conditioned by social, economic, and physical context

Hard-headed Economist's View

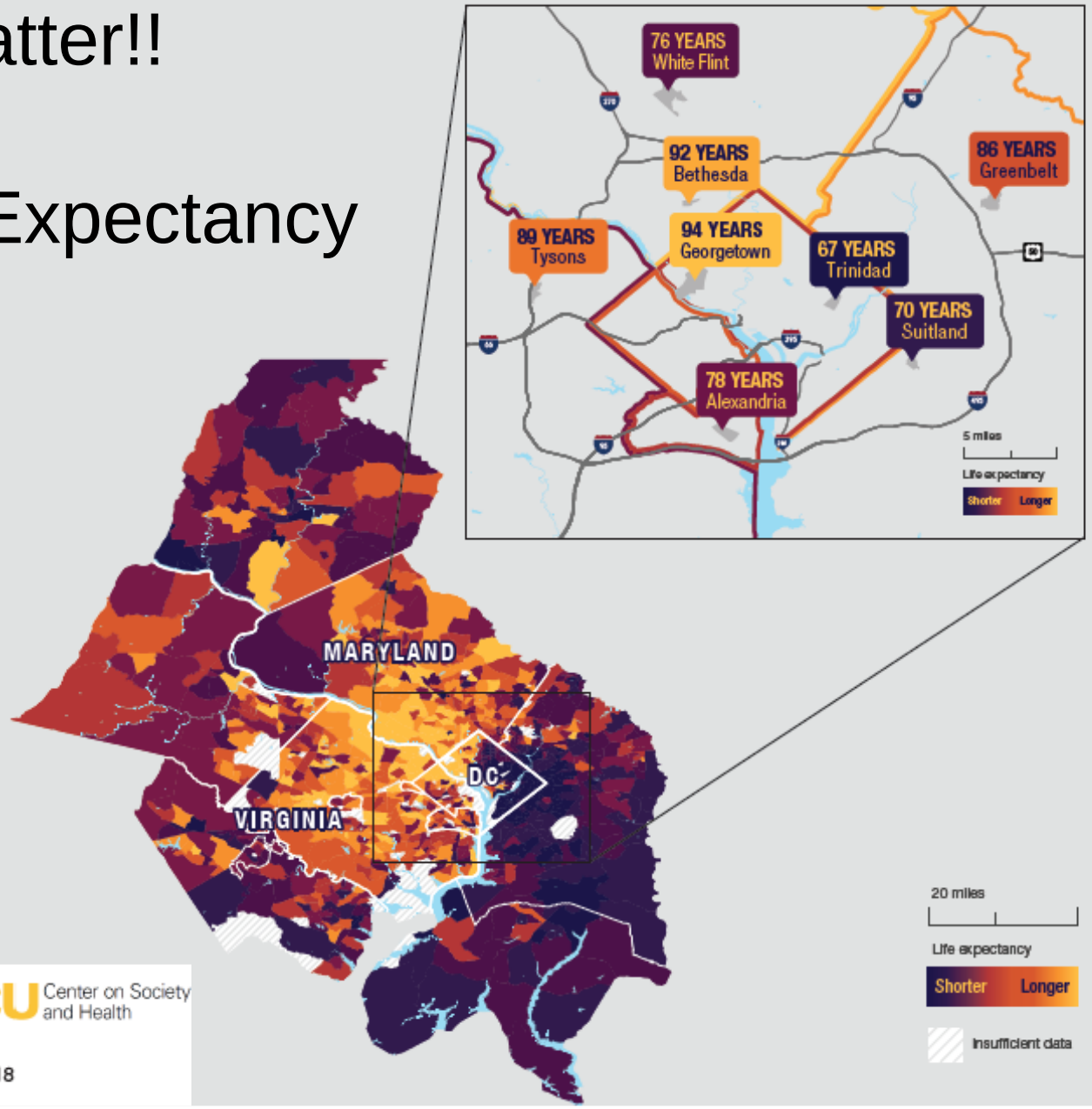
- Health is a product of ***choices*** – current and past – made subject to ***constraints***, e.g., income, education, insurance, knowledge/expectations of future, physical and social environment (i.e., SDoH or Healthy Opportunities).

- Are choices more important than constraints? Philosophers and politicians will always differ

- Odds can be overcome, but, Odds can also be Changed

And Odds Matter!!

“ZIPCODE” → Life Expectancy



Steven Woolf, MD, MPH
Derek Chapman, PhD
Latoya Hill, MPH
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David Wheeler, PhD
Lauren Snellings, MPH, CHES
Jong Hyung Lee, MS

VCU Center on Society and Health

October 2018

Leveraging What Works?

- Evidence is strong that SDOH/HO affect health outcomes and spending
- Specific interventions – investments in HO -- have payoffs too
  - Housing First for SMI and SUD homeless
  - Food through WIC, SNAP, Meals on Wheels
  - Targeted case management for high need adults and children
  - Non-emergency transportation
  - SUD Treatment lowers crime costs

COMMUNITY HEALTH

By Len M. Nichols and Lauren A. Taylor

DOI: 10.1377/hlthaff.2018.0039
HEALTH AFFAIRS 37,
NO. 8 (2018): 1223–1230
©2018 Project HOPE—
The People-to-People Health
Foundation, Inc.

POLICY INSIGHT

Social Determinants As Public Goods: A New Approach To Financing Key Investments In Healthy Communities

https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2018.0039

Fundamental Insights

- SDoH investments have public good-like properties => free rider problems
- Economics profession worked out a functional solution to the free-rider problem in the 1970s, Vickrey-Clarke-Groves (VCG), which works under 2 conditions
  - “trusted broker” and operational local stakeholder coalition must exist
- Those conditions are likely to be present in many communities grappling with SDoH/HO deficits today
- Key elements of VCG auction model:
  - Winner’s curse solution
  - Revelation of willingness to pay to trusted broker *only*
  - Two part pricing ($p < v$ for all)

Suppose Cost of Health Opportunity = 180

Stakeholder	Value of Solution	Simple Cost Share	Tax or Side Payment	Net Price
Health Insurer	110	60	40	100
Hospital A	40	60	-25	35
Hospital B	50	60	-15	45
TOTAL	200	180	0	180

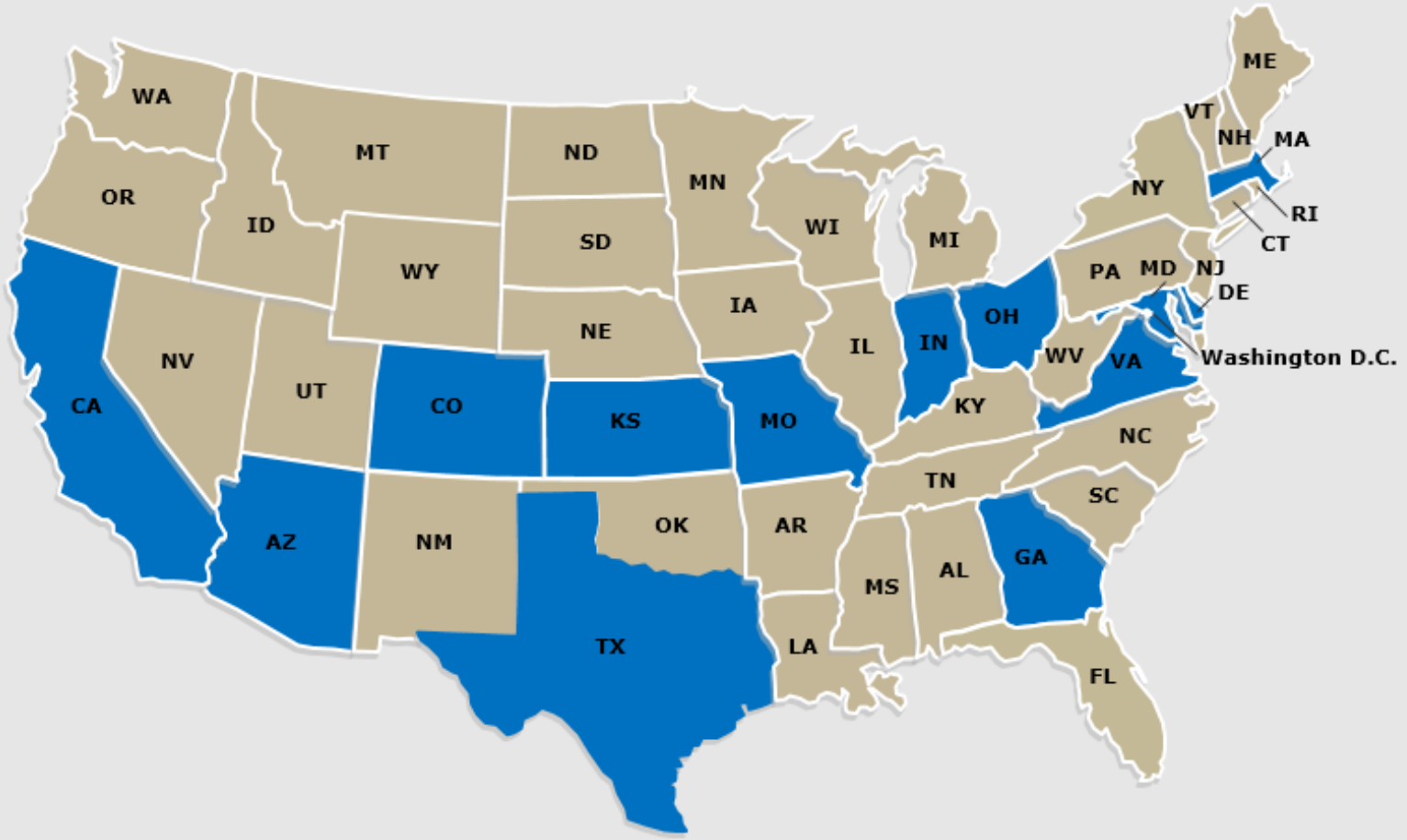
“magic” of VCG is that each P < V, so that self-interest drives, and will perpetuate, the solution

VCG Real World Example using NEMT

Community of 300,000, average prevalence of transportation challenged, cost and savings updated from NAS report

Stake-holder	Market Share of Target patients	Gross value of invest-ment	Loss from reduced care	Net Value, bid to trusted broker	Cost share	Tax or side payment	Net price
Medicaid	50%	7,700	0	7,700	1,312.5	500	1,812.5
Medicare	20%	3,080	0	3,080	1,312.5	200	1,512.5
Private insurer	10%	1,540	0	1,540	1,312.5	100	1,412.5
Providers/ uninsured	20%	3,080	2,464	616	1,312.5	-800	512.5
TOTALS	100%	15,400	2,464	12,320	5,250	0	5,250

States with Communities Interested in using VCG to address their SDOH problems



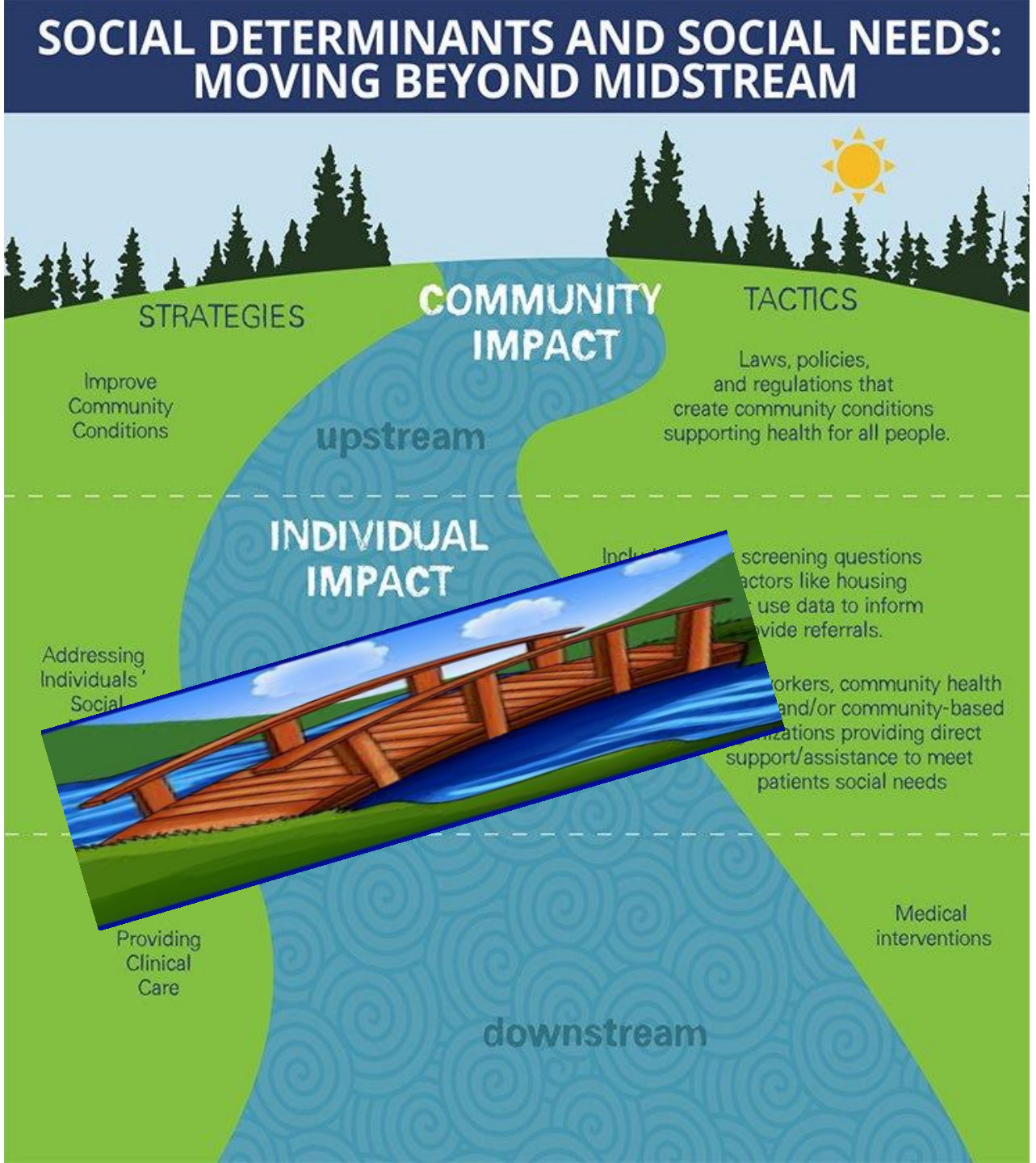
North Carolina and “Healthy Opportunities”

- Transition from FFS to Managed Care
- Integrate physical and behavioral health plus pharmacy care
- “Whole Person Care” includes upstream services for SDoH/Healthy Opportunities pilot

- => Medicaid MCOs can spend $ on housing, food, transportation, social services

Centene's Social Bridge

https://www.socialhealthbridge.com/



Kaiser Permamente's

THRIVE LOCAL

Using Unite Us to connect

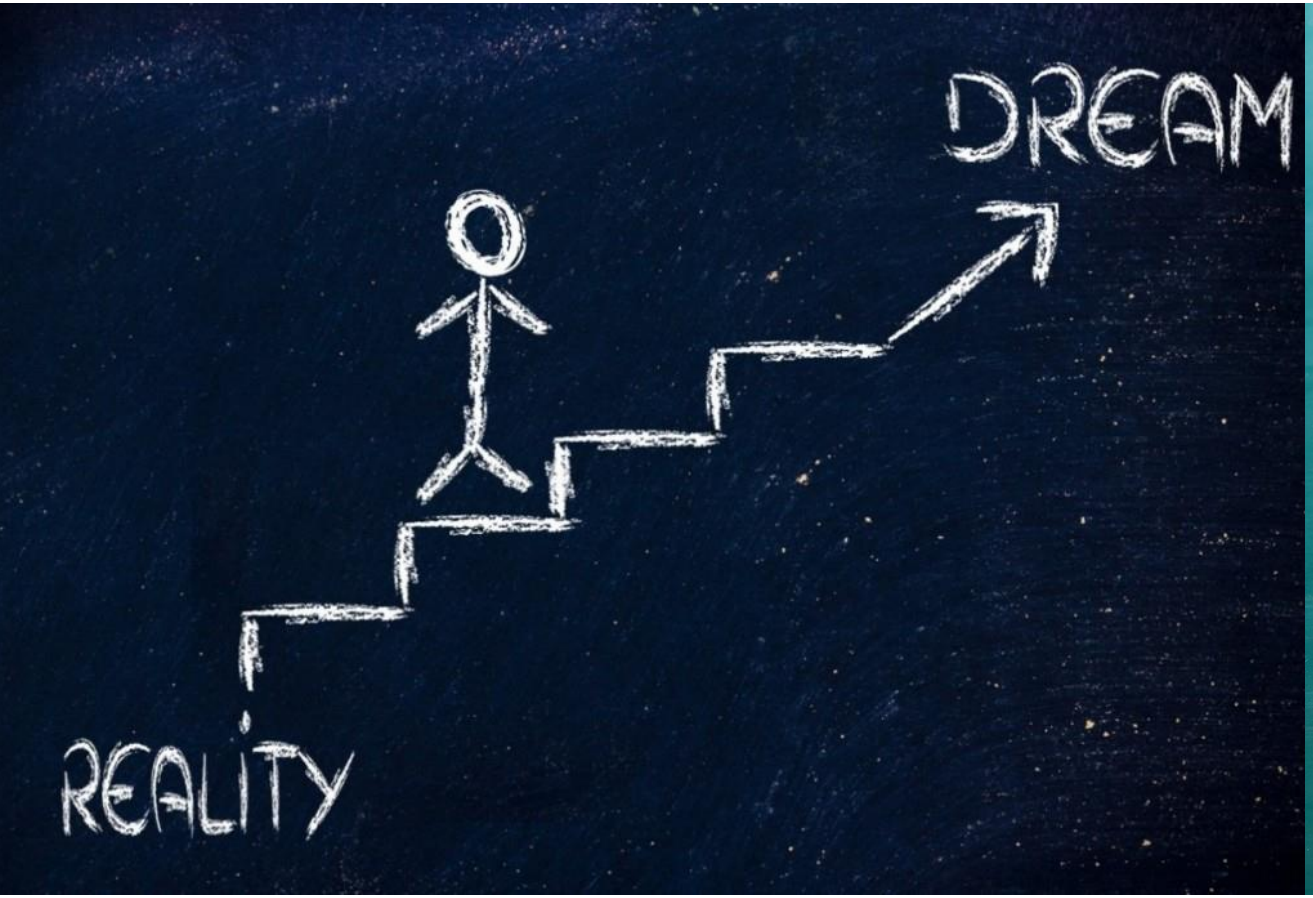
Social services and EHRs

https://healthitanalytics.com/news/kaiser-permanente-launches-full-network-social-determinants-program

Drug Pricing

- Trump Admin has been creative and ecumenical
  - International Price Indexing (IPIP) aimed at PhRMA
  - End of Rebates aimed at PBMs
  - Patent extension tricks also in crosshairs of FDA
  - Price revelation requirement proposed for DTC advertising
- Dems focused on out of pocket costs
  - Re-importation, MA/PDP rules, transparency
  - Wyden and Grassley are reported to be working on OOP bill
- Medicare Negotiation
- Patent reform?

MEDICARE FOR ALL



Medicare for All Means … ?

- Single payer, FFS, zero copay, tax financed NHI
- Medicare “As Is” for all (FFS + MA etc)
- Medicare Advantage For All
- Medicare (as is) for all who want it (allow buy ins)
- In the final analysis, M4A more about who what pays what than cost level reduction, but *power* to reduce prices over time could be enhanced

Medicare For All in Presidential Debate Means … ?

- All vs. Some

- Alternative Definitions of Freedom
  - Freedom from interference
  - Freedom from domination

  - Danielle Allen: *Our Declaration (Norton: 2015)*
  - After articulating that "life, liberty and the pursuit of Happiness" are *among* the inalienable rights of mankind, the D of I goes on to say :

  - "That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed,"

Common Themes Going Forward

- Spend less on health care
- Data Analytics can help transition be less painful
  - ID the right patients to focus on
  - Match treatments to patients
  - Direct resources ‘outside the box’ or comfort zone
- Successful organizations will be able to prove value , outcomes / $;
- Locus of control will become more local
- We are being forced to define what kind of country we want to be

STOP
AUDUBON PLACE IS A
PRIVATE STREET
UNAUTHORIZED ENTRY
IS ILLEGAL
NO TRESPASSING